

# News from Ed Markey

**United States Congress**

**Massachusetts Seventh District**

**FOR IMMEDIATE RELEASE**

**October 31, 2002**

**CONTACT: David Moulton**

**Mark Bayer**

**(202) 225-2836**

## **MARKEY CALLS ON PRESIDENT TO FIRE SEC CHAIR HARVEY PITT**

***"Instead of getting tough on Accounting Tricks, Chairman Pitt is scaring investors with Tricks of his own, withholding material information and manipulating votes," says lawmaker***

**Washington, DC:** Representative Edward J. Markey (D-MA), who chaired the House panel overseeing the Securities and Exchange Commission for 8 years and is a senior member of the House Energy and Commerce Committee, reacted strongly today to news reports that SEC Chairman Harvey Pitt, who was already under scrutiny for bending to the wishes of the accounting industry, may have withheld critical material information from his fellow commissioners prior to a vote ramming through the appointment of William Webster as the chair of a new board overseeing the accounting profession.

"Just when you think Mr. Pitt's judgment can't get any worse, he surprises us," said Rep. Markey. "It now appears that Chairman Pitt has violated the 'First Law of Holes', which is when you are in one, stop digging. Having dug a hole for himself and the SEC by abandoning John Biggs, the consensus candidate for heading up this key accounting oversight panel, Mr. Pitt decided to dig for China when he was told that his hand-picked, accounting-approved replacement, William Webster, was enmeshed in a scandal of his own as a member of the audit committee of a company accused of material weaknesses in its internal controls.

"Harvey Pitt promised the accounting profession a 'kinder and gentler SEC', and he is delivering. But it is getting scarier and scarier for investors, who are looking for a tough overseer who is no longer willing to tolerate the fraud, manipulation and accounting tricks. Mr. Pitt has botched one of his most important responsibilities following the enactment of the corporate reform bill passed by Congress last summer: the selection of the independent accounting oversight board that was the centerpiece of legislation. Now it appears that he purposely withheld information that clearly was material and relevant to the vote last week.

"Chairman Pitt now finds himself caught in a web of conflict and casuistry of his own making. He was the accounting industry's number-one lawyer, representing the American Institute of Certified Public Accountants and every major accounting firm, and continues to meet with his former clients, even when they remain the subject of on-going SEC inquiries, despite repeated promises to avoid even the appearance of conflicts of interests."

"Chairman Harvey Pitt recently opined that 'it would be unthinkable to deprive the people of my expertise,' but based on what's going on at the SEC, it is becoming more thinkable every day. Investors have lost hundreds of billions of dollars in retirement savings and employment income because of the devastating coziness of the accounting industry and corporate America."

"President Bush made this unfortunate appointment – he should fire him." #####